was drawn down on November 15, 2006 and parked overseas in a bank. On April 26, 2007, out of USD 360 million, USD 300 million (Rs.1265.87 crore) was brought into India and kept invested in debt mutual funds, pending utilization for the declared end-use.

As per the extant guidelines, the ECB proceeds shall be parked overseas until actual requirement in India. Further, utilization of ECBs proceeds is not permitted for investment in the capital market. Thus, bringing the ECB proceeds into India and investing them in domestic mutual funds, pending utilization of the declared end-use was in violation of the extant ECB guidelines. Based on the above facts, a memo dated February 25, 2008 was issued to the company, bringing out the contravention/(s) observed in the ECB of USD 360 million, giving them an option to make an application for voluntary compounding of the contraventions.

Accordingly, the company filed an application for voluntary compounding of the contraventions related to the ECB for USD 360 million on April 18, 2008. After observing the due process, a compounding order dated August 27, 2008 was passed in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 dated may 3, 2000 (Rules, 2000) as amended from time to time and a penalty of Rs. 124.68 crore was levied. However, RIL did not pay the penalty within the time (15 days) specified in the Rules. In terms of Rule 10 of Rules, 2000 in case a person fails to pay the sum compounded in accordance with the Rule 9 within the time specified in that rule, he shall be deemed to have never made an application for compounding of any contravention under these Rules and the provisions of the Act for contravention shall apply to him.

In the meantime, the company submitted a revised application dated August 25, 2008, seeking compounding of the contraventions involved in two ECB transactions namely the aforesaid ECB and another ECB transaction of USD 150 million under approval route. The compounding application was not found to be in order, as it involved more than one transaction and contravention of different regulations and hence was returned to the applicant on September 30, 2008. RIL was given an option to make separate applications for compounding the contraventions relating to different ECB transactions. The company has not approached the RBI for compounding so far. Accordingly, the FEMA contravention/(s) have been referred to the Directorate of Enforcement on November, 7, 2008 for necessary action as deemed fit by them.

Duties evasion by EOUs

455. SHRI BHAGAT SINGH KOSHYARI: Will the Minister of FINANCE be pleased to state:

(a) the details of Export Oriented Units (EOUs) visited by Range officers during the last three years to check the receipt of raw materials, its consumption, clearance of finished goods for export/Domestic Tariff Area (DTA), payment of duty thereon, etc.;

(b) the quantum of duty evaded by EOUs during the last three years and measures taken to recover the same;

(c) whether EOUs are selling finished goods into DTA illegally instead of exporting them; and

(d) if so, the action taken against such EOUs, with details?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Jurisdictional Customs and Central Excise officers regularly visit Export Oriented Units for prescribed official duties including *inter-alia* for verification of duty free capital goods, raw material and other goods besides other functions. The details of such visits are as under:

Year	2005-06	2006-07	2007-08
No. of visits	19301	23484	26602

(b) The quantum of duties evaded by EOUs during the last three years are as follows:

Year	2005-06	2006-07	2007-08
Amount of duty evaded Rs. (Crores)	167.51	128.86	257.61

Persuasive action is initiated to recover outstanding duties, fines and penalties, failing which, action is initiated as per provisions under section 142 of the Customs Act, 1962.

(c) and (d) There have been a few instances of clearance of finished goods to Domestic Tariff Area without following the due procedures. In such cases, appropriate action is initiated to recover the duties in addition to initiation of penal proceedings.

Decline in excise duty revenues

456. SHRI GIREESH KUMAR SANGHI:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether Central excise duty revenues declined by 15 per cent in November, 2008 to Rs. 8556 crore compared with Rs. 10065 crores recorded in November, 2007;

(b) whether there has been a decline in excise revenues when compared with collections of Rs. 9399 crores in October, 2008;

(c) whether according to industrial observers, October-November are usually good months for excise duty collections with demand for consumer goods being generally stronger in these festival season months;

(d) whether for the period April-November, 2008 excise duty revenues had declined by 1.5 per cent to Rs. 73878; and

(e) if so, the reasons there for and steps being taken to improve the position?